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ABSTRACT

A case study illustrating the political influences on higher education in a hypothetical state is presented. Higher education became a target for reform by the state's governor, who expressed interest in the sharing of resources between institutions in close geographic proximity; supported the more extensive use of management tools as a means of improving institutional management; recommended the deferred completion of certain capital construction projects begun, but not yet completed; suggested the possibility of tuition hikes accompanied by increased aid to students with demonstrated needs, or state aid to private higher education; and called for legislation expanding the Commission's authority to review existing as well as new academic programs. Ten months after identification of the governor's higher education issues, little had come of his recommendations. State revenue continued to decline at the same time that enrollment unexpectedly increased. While capital construction was halted and tuition increased, the longer-range recommendations for improving system efficiency had gotten nowhere. The governor was distressed to hear of a move underway in the legislature to revolutionize budgetary decision-making for education using performance measures in the budgeting process. The governor decided that if reviews of program effectiveness were to be conducted, he and his administration, not the legislature, would have the responsibility. The legislature, rather than lose oversight powers to the governor, publicly adopted a stance of agreeing with the governor but insisting upon vesting review powers in a legislative committee. Support for the legislative review committee was obtained, and a strategy was adopted to identify ineffective performance within the higher education sector, partially for political reasons. (SW)

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HIGHER EDUCATION IN THE STATE OF SHAWNEE:
A Case Study
Case 3

THE CENTER FOR THE STUDY OF HIGHER EDUCATION
THE UNIVERSITY OF MICHIGAN

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SHEEO

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Preface

Higher Education in the State of Shawnee: A Case Study is intended to address contemporary issues of major significance in many of most of the states represented by participants in the Inservice Education Program seminars. While Shawnee is a hypothetical state, its problems are not. The experiences of Shawnee institutions and of the Shawnee Higher Education Commission are based on, or suggested by, actual situations in numerous states.

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The Political Context

Since taking office after his upset victory over incumbent Governor Webb in November 1974, Robert Snowden has made a conscientious effort to fulfill his campaign promises. Snowden's campaign had focused on the state of the economy, honesty in government, and related issues. In his eight months in office, Snowden's "reform packages" succeeded in consolidating state services into fewer agencies, with some apparent improvements in efficiency. And, true to his promises, he ushered in executive branch reforms and prodded for subsequent legislative and campaign reforms that have made Shawnee a model of integrity in state government.

After his earlier successes, however, Snowden began to encounter some of the realities that confront most governors once their "honeymoon" with the legislature, media, and public ends. Among those realities was Snowden's realization that some areas of state government are more resistant than others to executive branch initiatives for economy and reform. The most recalcitrant opponents of Snowden's efforts seemed to be his former colleagues in the legislature. Although they had enthusiastically supported his attempts to streamline executive agencies, they had balked at his suggestion that legislative staffs be similarly reduced. Moreover, they had been, in Snowden's words, "unrealistically generous" in their appropriations for welfare, public health, and higher education. Snowden had called for "tightening up" the welfare system, "de-institutionalizing" public health care, and "reassessing the needs of higher education in the face of current realities."

In Snowden's view, the legislature had ignored solid evidence that welfare, public health, and higher education costs were rising much more rapidly than were the levels of services provided. Legislators had admitted that certain of the programs probably were less efficient and effective than they should be. But, legislators had argued, they could not ignore public needs by making arbitrary cuts. The governor's response was to return to the strategy that had succeeded in his earlier reform efforts: rather than attempt to influence appropriations, he would improve efficiency and reduce spending through "reform packages."

Higher education had not been included in earlier reform packages because it had not been a campaign issue. During the campaign, neither Snowden nor his opponent encountered enough public interest in the problems facing higher education in the state to necessitate taking a strong stand on any issue related to the state's institutions. Snowden made a few references to the support of higher education beyond the usual promises to continue to serve the educational needs of the people of Shawnee and to encourage efficiency in the management of higher education.

Now that higher education was a target for reform, Snowden felt at something of a disadvantage. While in the Senate, he had paid little attention to higher education except for supporting those bills that affected the

community college in his district. Consequently, he realized that his relatively weak grasp on the complex problems of higher education would force him to rely, rather heavily perhaps, on the advice of Johnson Carter, Executive Director of the Shawnee Higher Education Commission (SHEC).

The Governor's Reforms for Higher Education, September 1975

In January 1975, Governor Snowden and Johnson Carter had met for the first time to discuss the Commission's activities. Finding himself providing all of the direction for discussion and doing most of the talking, Carter focused on describing the general dimensions of a policy for dealing with the so-called "steady state." Carter outlined the ways in which the Commission was attempting to deal with the inevitable cutbacks through its master planning effort. In addition, he described other approaches being considered or taken by neighboring states confronted by the same problem. While the tone of the meeting was amicable, Carter left the governor's office somewhat troubled by Snowden's apparent reluctance to assume a stance on the issues the two men had discussed. Just as troubling, he had left without a clear mandate for SHEC's current activities.

Although they had talked briefly on several occasions between January and August of 1975, Carter and Governor Snowden did not again engage in any lengthy discussion of issues relating to higher education. Carter was surprised, therefore, when the governor delivered an address in August describing new ways in which the state could either save educational dollars or provide expanded services more efficiently. Most of the governor's proposals were spin-offs of Snowden's conversations with Carter. In reality, the issues were not new; some had been around for years, and others had been raised by SHEC. But in the economic climate of 1975, the governor's raising of these issues caused people to sit up and take notice.

The stances adopted by the governor were the following. First, he supported interstate cooperation with adjacent states as a means of expanding opportunity without duplicating services unnecessarily. Second, he championed interinstitutional cooperation in the same vein. In particular, he expressed interest in the sharing of resources between institutions in close geographic proximity--whether they be universities, state colleges, or private institutions. He also supported in principle the notion of the sharing of technical resources, such as computing, library resources, computer assisted instructional materials, and televised instruction. Third, Snowden advocated the more extensive use of management tools as a means of improving institutional management and, hence, the ability to cope with current complex conditions. Fourth, he recommended the deferred completion of certain capital construction projects begun, but not yet completed. Fifth, he advocated a reexamination of the state's tuition policies and suggested the possibility of tuition hikes accompanied by increased aid to students with demonstrated needs, or state aid to private higher education. Sixth, Snowden called for legislation expanding the Commission's authority to review existing as well as new academic programs (a policy he had advocated as a member of the legislature during the debates on program and faculty cutbacks).

While SHEC would not have the authority to discontinue existing programs, its new powers would greatly improve its ability to identify areas of costly and needless duplication--a perennial concern of the legislature.

Johnson Carter greeted the governor's identification of issues with mixed emotions. Some of the points were well taken, indeed, the Commission's developing comprehensive policy for selective growth and contraction addressed a number of the same issues raised by the governor. On the other hand, certain of the issues were stated simplistically, and might raise the expectations of the general public to unrealistic levels. Although the governor's speech had identified a role for the Commission in investigating these issues and applying them in their planning efforts and review activities, Carter was disappointed that the governor had not consulted with the Commission before publicly proclaiming several of the more dubious issues. Nevertheless, Carter and the Commission attempted to modify their planning efforts to place new emphasis on issues identified by the governor.

The Status of the Reforms, June 1976

By June 1976, just ten months after identification of his higher education issues, it was obvious to Snowden, and to everyone else for that matter, that little had come of his recommendations. State revenue continued to decline at the same time that enrollment unexpectedly increased. While capital construction was halted and the tuition increase he suggested was implemented (thereby preventing the situation from being even worse), his longer range recommendations for improving system efficiency had gotten nowhere. With some very minor exceptions, efforts to initiate interstate and inter-institutional cooperation clearly were not being made. While managerial tools were being adopted, their effect on the size of higher education budgets was not yet visible.

Snowden's final recommendation, granting existing program review authority to the Commission, was passed by the legislature but had yet to result in any usable information. The Commission had decided to focus its first review efforts on several relatively high cost graduate programs offered at the state colleges and universities. The Commission adopted a five-year cycle for the review of existing graduate programs and a seven-year cycle, to begin the next year, for undergraduate programs. The Commission's concept of program review was still evolving. Initially, however, the staff planned to collect extensive cost, productivity, and efficiency data on each program and to attempt to review issues of state need for (or student demand for) the program, and of duplication, or overlap with, other institutions or programs. How quality issues were to be addressed was still unclear. The Commission staff was attempting to work with the institutions, although they were noticeably but not publicly resisting. The timetable for the first review cycle called for a May 1977 completion date--clearly too late to have an impact on next year's higher education funding levels.

In view of his inability to affect rapid and highly visible improvements in the higher education system's efficiency, Snowden was particularly distressed to hear of a move underway in the legislature. His aides told him that if it were successful, it promised to revolutionize budgetary

decision-making for education, in the short range, and decision-making throughout state government in the long range. Aides informed him that the previous day, June 10, a meeting arranged by Senator Dewitt Carr, Chairman of the Senate Ways and Means Committee, had resulted in an agreement being reached to explore the use of performance measures in the budgeting process.

The Legislative Movement for Performance Review

The governor's call for greater legislative attention to efficiency and effectiveness was not completely ignored by all legislators. They had balked when Snowden proposed cuts in the welfare, public health, and higher education budgets because the governor had simply failed to demonstrate that the level of public services could be maintained in the face of cuts. The governor had succeeded in reviving legislative interest in adopting improved decision-making tools, however. Back in 1972, a special legislative committee had studied the possible benefits to be gained by eliminating the state's line-item budget in favor of a program planning budget system. The committee concluded that the system's advantages were outweighed by its disadvantages. Nevertheless, a number of legislators remained interested in finding a way in which legislative decision-making could be improved.

Senator Carr, through staff of the Senate Ways and Means Committee, had known for some time of several apparently successful attempts in other states to identify measures of state agency program effectiveness and to then link performance to funding. Most of the more successful efforts seemed to have been initiated by the legislature and conducted by a legislative auditor or special committee. The previous September, Carr had sent a member of the Ways and Means staff as an observer to a "performance review and auditing" training session conducted by a national association for state fiscal officers. During the last week in May, he sent three more staff members to a second training session. Upon their return, the three confirmed the opinion of the first that performance auditing seemed like it could improve the decision-making process in the legislature and, at the same time, reduce the executive branch's traditional control over the flow and formating of information reaching the legislature.

Staff were not blind to the problems associated with conducting performance reviews, however. They cited the problems legislative auditors had encountered in establishing legislative intent, in identifying and obtaining data on program performance, and in completing reports in a short enough period to insure that the results would be timely. Nevertheless, staff reported that at least twenty state legislatures had either established a Legislative Auditors Office or Legislative Audit Committee and that, in most cases, fairly significant changes in budgetary support levels for at least some programs had resulted. Garnered from staff members in other states, the staff members' advice was to pilot test the program with a single state department or agency and to develop exemplary measures rather than attempting to adapt the system to all state agencies and departments at the same time.

Upon hearing their report, Carr seemed thoroughly convinced that adoption of some form of legislative program review would prove attractive and beneficial to his fellow legislators. The strategy for selling the process must, however, be carefully planned. The Department of Education, according to staff, seemed likely to cooperate in the preliminary work of identifying and testing performance measures. Education programs in other states had been among the first to develop such measures and, with the Superintendent of Public Instruction's intense interest in accountability, he seemed likely to cooperate fully. Therefore, Carr instructed an aide to immediately telephone a staff person in the Department of Education who had formerly been a Ways and Means Committee aide to "sound him out on the idea." The aide returned to the meeting with the report that his former colleague was certain Superintendent Lewis Marshall would be interested in "a thorough discussion of the concept's feasibility" as long as "it looks like Marshall is being chosen as a partner in the development of the process rather than being singled out for examination." Upon hearing this, Carr telephoned Marshall's office and arranged a luncheon meeting between the two for later in the week.

Prior to his meeting with Marshall, Carr briefly discussed his interest in developing a legislative review committee or office with several Ways and Means and Education Committee members from his party. They expressed enthusiasm for the effort and seconded his opinion that the Department of Education would be an ideal place to pilot test the measures.

On Thursday, June 10, Marshall and Carr met and agreed to undertake the project jointly, contingent upon legislative support. Carr scheduled Marshall for an appearance before his Ways and Means Committee in two weeks. It was decided that a staff aide from Ways and Means would meet with one of Marshall's assistants to draft a joint proposal outlining the concept of performance measurement and auditing in education, its probable benefits for the legislature, and its possible applications to the programs of other state agencies.

The Governor Reacts

It was this June 10 meeting and the decisions reached at it that so concerned Governor Snowden. His Director of the Budget had been advocating a comparable approach since late in 1975. The director had advocated the identification of effectiveness measures for all state agencies and had recommended requiring submission of the performance data as an appendix to each agency's budgetary request to the governor. Snowden had been interested in the approach but convinced the director to drop the idea for the time being. The governor had argued, quite persuasively, that after his recent reorganization, state government needed additional time to gel. Asking agency directors and department heads to cooperate in the development of such measures at this time would divert their attention from attempting to refine their delivery system for services. Just as importantly, until those systems were refined, the data obtained through the use of performance measures could prove most embarrassing to the executive branch.

Upon hearing of the meeting between Marshall and Carr, however, Governor Snowden reassessed his position on the issue. His new position was that,

if reviews of program effectiveness were to be conducted, he and his administration, not the legislature, would have the responsibility. Snowden summoned the Director of the Budget, informed him of the situation, and quizzed him on the feasibility of requiring effectiveness data in support of the next fiscal year's budget requests. Learning that measures used in other states could probably be adapted rather quickly for use in Shawnee, Snowden asked the director how long it would take for budget office staff to outline the procedure in general terms but in sufficient detail to withstand the scrutiny of the media and the legislature. The director replied that it would take no more than a week as long as the governor was comfortable describing a process about which he would have to avoid elabortion for an additional two to three weeks. Snowden admitted that he was not entirely comfortable with that approach but felt it absolutely necessary that the executive branch, rather that the legislature, assess the performance of state agencies.

The governor planned to unveil his new reform in an address he was scheduled to deliver before the Shawnee State Council for Better Government in Capital City on Monday, June 21. The proposal was sure to receive favorable response from that group and, while media coverage would be excellent at the meeting, the evening's program provided little if any opportunity for questions on his proposals. A general description of his comprehensive plan for requiring performance assessment seemed certain to so overshadow the relatively modest effort being advocated by Carr and Marshall that it seemed unlikely to Snowden that the two men would even go ahead with their plan.

The Legislature Reacts

On June 21, Governor Snowden's unexpected announcement of his plans to adopt a "performance budgeting" approach was greeted with enthusiasm by his audience of the evening and with a combination of incredulity and outrage by Carr, Marshall, and several informed legislators the next day. Rather than back off as Snowden had hoped, Carr, Marshall, and members of the Senate Ways and Means and Education Committee huddled on June 23 to outline a new strategy. Rather than lose oversight powers to the governor, the legislature would publically adopt a stance of agreeing with the governor on the need for measures but insist upon vesting review powers in a legislative committee. Education would still serve as a pilot project for developing performance measures but all other agencies now would be subject to possible review on items of special concern in fiscal 1976-77. Once informed of the background surrounding the governor's proposal and his own, Carr felt certain that the full legislature would support the establishment of a legislative auditing process.

At the June 25 meeting of the Ways and Means Committee, Carr's proposal was strongly endorsed. Staff were directed to draft legislation calling for the immediate establishment of a Legislative Audit Committee empowered to perform special reviews of any and all state agencies, departments, or programs. Furthermore, the committee would have responsibility for developing performance measures for use by all state agencies. The draft legislation contained provisions for hiring eight professional staff members.

It was immediately obvious that Carr's proposal had strong backing both in the Senate and the House. Although Carr was naturally pleased with the support he received, he realized that his plan contained one potentially self-defeating oversight. For legislative review of state program effectiveness to prove its worth, Carr was convinced that it had to measure and identify ineffective performance. Marshall's cooperation and support precluded "coming down on" the Department of Education. Moreover, Marshall's continued cooperation was essential if the Department of Education's development of performance measures would serve as models from which measures for other agencies could be developed. Apparently, it was at about this point in his reasoning that Carr decided that certain Department of Education measures could be rather easily adapted for use with higher education programs. Although he had always considered himself a pro-higher education legislator, he also had frequently denounced the University of Shawnee and Shawnee State officials for their disregard of legislative intent and refusal to provide the legislature with the kind of information it desired.

The Executive Director Ponders His Response

On Monday morning, June 29, while he conducted his weekly staff briefing, Johnson Carter received a telephone call from Dewitt Carr's office. Carter was requested to meet Carr for lunch later in the week for a discussion of the higher education program review process. Carter realized that, with the pressure of regular Commission business and the establishment of their own review process, he had not been closely enough involved with executive and legislative developments on this issue. He decided to hold a staff meeting to discuss the question of performance measures and to consider the Commission's strategy for dealing with it prior to his meeting with Carr. He also wondered if some advice from outside experts or experienced practitioners might illuminate the situation.